

Consolidated financial statements of

Town of Mahone Bay

March 31, 2017

Town of Mahone Bay

March 31, 2017

Table of contents

Independent Auditor’s Report.....1 - 2

Consolidated statement of financial position.....3

Consolidated statement of operations.....4

Consolidated statement of changes in net financial assets5

Consolidated statement of cash flows.....6

Notes to the consolidated financial statements.....7 - 14

Schedule 1 – Schedule of current fund - general operations.....15

Schedule 2 - Schedule of current fund - water operations.....16

Schedule 3 - Schedule of current fund - electric operations.....17

Schedule 4 - Schedule of current fund - cemetery operations.....18

Schedule 5 - Schedule of capital fund - municipal operations.....19

Schedule 6 - Schedule of reserve fund.....20

Schedule 7 - Schedule of trust reserve fund.....21

Independent Auditor's Report

His Worship the Mayor and
Members of Council of the
Town of Mahone Bay

We have audited the accompanying consolidated financial statements of the Town of Mahone Bay, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards ("PSAS") and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

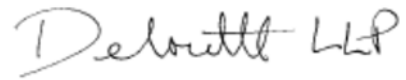
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of Mahone Bay as at March 31, 2017, and the results of its operations, net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in cursive script that reads "Deloitte LLP".

Chartered Professional Accountants
November 14, 2017

Town of Mahone Bay

Consolidated statement of financial position

March 31, 2017

	2017	2016
	\$	\$
Financial assets		
Cash	2,375,735	2,389,305
Taxes and rates receivable	493,000	444,039
Due from other local governments	21,443	26,902
Accounts receivable	411,264	267,222
Total financial assets	3,301,442	3,127,468
Liabilities		
Payables and accruals	555,936	638,107
Temporary borrowing (Note 9)	1,550,000	2,400,000
Due to other local governments	-	7,226
Deferred revenue	106,932	115,140
Long-term debt (Note 3)	3,642,500	982,200
Total liabilities	5,855,368	4,142,673
Net financial assets	(2,553,926)	(1,015,205)
Non-financial assets		
Prepaid expenses	118,365	144,631
Inventory	86,029	60,237
Interest in Municipal Joint Services Board (Note 8)	205,112	191,951
Tangible capital assets (Note 2)	14,784,459	12,871,948
Total non-financial assets	15,193,965	13,268,767
Accumulated surplus (Note 5)	12,640,039	12,253,562

Commitments (Note 7)

Approved by the Council

_____ Mayor

_____ Clerk

The accompanying notes to the financial statements are an integral part of this financial statement.

Town of Mahone Bay
 Consolidated statement of operations
 year ended March 31, 2017

	Budget (Unaudited)	2017	2016
	\$	\$	\$
Revenues			
Taxes and rates	2,170,918	2,180,659	2,109,107
Power demand sales - electric	760,000	1,015,553	829,232
Domestic sales - electric	925,000	929,432	905,063
Metered sales - water	457,659	458,467	419,871
Government grants and contributed tangible capital assets	169,012	217,612	225,299
Other	59,420	165,276	90,512
Services provided to other governments	127,000	128,138	127,481
Other revenue from own sources	113,830	125,919	114,648
Public fire protection	111,096	111,496	98,511
Street lighting	70,000	71,906	70,520
Commercial sales - electric	65,000	69,245	64,766
Unconditional transfer from other governments	50,021	50,021	50,021
Grants in lieu of taxes	21,146	21,146	21,104
Interest	15,000	15,506	19,037
Sale of services	4,500	3,747	3,994
Conditional transfers (federal and provincial)	6,000	1,000	7,554
	5,125,602	5,565,123	5,156,720
Expenses (Note 10)			
Power purchase	1,468,840	1,502,124	1,478,465
Protective services	565,606	551,002	523,383
General government services	452,660	448,132	408,924
Education	391,593	391,593	382,975
Administrative and general	293,446	338,449	289,572
Transportation	325,456	289,050	292,122
Environmental health	310,806	283,049	313,747
Water treatment	144,854	120,397	131,307
Salaries	99,470	110,469	80,051
Environmental development services	106,528	109,591	101,806
Operating and maintenance	95,683	88,140	92,525
Loan interest	28,646	86,763	30,993
Transmission and distribution	87,091	73,682	80,960
Recreation and cultural services	55,264	46,968	50,678
Pumping	22,479	15,480	18,122
Public health and welfare services	15,000	13,774	25,923
Other interest charges	4,799	8,821	12,509
Mowing and grounds upkeep	12,000	8,242	13,190
Taxes	1,000	4,514	613
Loss on disposal of assets	-	-	62,131
Improvements	2,000	-	16,517
	4,483,221	4,490,240	4,406,513
Annual surplus before undernoted	642,381	1,074,883	750,207
Amortization	(669,000)	(701,567)	(585,813)
Change in interest in MJSB (Note 8)	5,932	13,161	585
Annual surplus	(20,687)	386,477	164,979
Accumulated surplus, beginning of year	12,640,039	12,253,562	12,088,583
Accumulated surplus, end of year (Note 5)	12,619,352	12,640,039	12,253,562

Town of Mahone Bay

Consolidated statement of changes in net financial assets year ended March 31, 2017

	Budget (Unaudited)	2017	2016
	\$	\$	\$
Annual surplus	(20,687)	386,477	164,979
Acquisition of tangible capital assets	(1,439,194)	(2,614,078)	(2,774,465)
Amortization of tangible capital assets	669,000	701,567	585,813
Increase in other assets, excluding tangible capital assets	-	(12,687)	48,890
Decrease in net financial assets	(790,881)	(1,538,721)	(1,974,783)
Net financial assets, beginning of year	(1,015,205)	(1,015,205)	959,578
Net financial assets, end of year	(1,806,086)	(2,553,926)	(1,015,205)

The accompanying notes to the financial statements are an integral part of this financial statement.

Town of Mahone Bay

Consolidated statement of cash flows year ended March 31, 2017

	2017	2016
	\$	\$
Operating transactions		
Annual surplus	386,477	164,979
Amortization	701,567	585,813
Net changes in non-cash items (Note 11)	(1,134,675)	1,932,502
	(46,631)	2,683,294
Financing transactions		
Proceeds from long term debt	2,973,000	-
Repayments of long-term debt	(312,700)	(166,400)
Investing transactions		
Investment in MJSB	(13,161)	(585)
Purchase and transfer of tangible capital assets	(2,614,078)	(2,774,465)
Increase in cash	(13,570)	(258,156)
Cash, beginning of year	2,389,305	2,647,461
Cash, end of year	2,375,735	2,389,305

The accompanying notes to the financial statements are an integral part of this financial statement.

Town of Mahone Bay

Notes to the consolidated financial statements

March 31, 2017

1. Significant accounting policies

The consolidated financial statements of the Town of Mahone Bay (the "Town") are prepared in accordance with Canadian public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board ("PSAB") of Chartered Professional Accountants of Canada and with accounting principles prescribed for water utilities by the Nova Scotia Utility and Review Board.

Reporting entity

These consolidated financial statements reflect the assets, liabilities, revenues, expenditures and changes in net financial assets and cash flows of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable to the Town for the administration of its financial affairs and resources and which are owned or controlled by the Town, namely:

- General Operating and Capital
- Water Utility and Capital
- Electric Utility and Capital
- Cemetery
- Alternative Resource Energy Authority (Proportionately consolidated based on the Town's 10% interest)

Inter-departmental and inter-organizational transactions have been eliminated on consolidation.

Fund accounting

Funds within the consolidated financial statements consist of current, capital and reserve funds.

Council approves certain amounts to be set aside in reserve funds for future operating and capital purposes. Transfers between funds are recorded as adjustments to the appropriate fund balance.

Revenue and expense recognition

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified. Expenses are accounted for in the period the goods and services are acquired and liability is incurred or transfer is due.

Property tax revenue is based on assessments determined in accordance with Nova Scotia Legislation. Tax rates are set annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal with provisions made for any material appeals. Penalties on overdue taxes are recorded in the period levied.

Utility revenue is based on meter readings and levies are set annually. Utility revenues are recorded using the accrual basis as they are earned and measurable.

Government transfers are recognized in the period in which the events giving rise to the transfer occur, providing transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Investment income earned on surplus current funds, capital funds and reserve funds are reported as revenue in the period earned.

All other government revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Town of Mahone Bay

Notes to the consolidated financial statements

March 31, 2017

1. Significant accounting policies (continued)

Cash

Cash represents amounts held with financial institutions.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization.

Amortization is based on the estimated useful life of the assets and is calculated using the straight line method, as follows:

Land improvements	20-25	years
Municipal buildings	25-40	years
Buildings-plants	25	years
Electronic data equipment	3	years
Small equipment	5	years
Machinery and equipment	5-15	years
Vehicles	5-15	years
Wharves	25	years
Bridges	25	years
Streets, roads and curbs	25	years
Sidewalks	20	years
Sewer lines	50	years
Lagoons	50	years
Landfill	4	years
Other	5	years
Work in Progress	No Amortization	
Water Utility and Electric Utility	As specified by the Utilities Review Board	

Investments in government business partnerships

The Town records investments in government business partnerships using the modified equity method. These government business partnerships include the Municipal Joint Services Board ("MJSB").

Under the modified equity method of accounting, only the Town's investment in the partnership and the partnership's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the partnerships that are different from those of the Town, except that any other comprehensive income of the business enterprise is accounted for as an adjustment to the accumulated surplus. Inter-organizational transactions and balances are not eliminated, except for any profit or loss on the sale between entities of assets that remain within the reporting entity.

Investments in government partnerships

The Town records investments in government partnerships using the proportionate consolidation method. These government partnerships include the Alternative Resources Energy Authority ("AREA").

Under the proportionate consolidation method, the town recognizes its proportionate share of the assets, liabilities, accumulated surplus/deficit, revenues and expenses of the partnership adjusted for differences between the partnership's and the Town's accounting policies. These are consolidated on a line-by-line basis, after elimination of the inter-organizational transactions and balances.

Town of Mahone Bay

Notes to the consolidated financial statements

March 31, 2017

1. Significant accounting policies (continued)

Financial instruments

Other than the investments noted above, the Town initially measures its financial assets and financial liabilities at fair value, adjusted by the amount of transaction costs directly attributable to the instrument. Other than the investments noted above, the Town subsequently measures all of its financial assets and financial liabilities at amortized cost. Transaction costs are amortized using the effective interest method

Deferred revenue

Deferred revenue consists of user charges, grants and fees which have been collected but for which the related services have yet to be performed at which time they will be recognized as revenues.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the statement of financial position date, as well as revenue and expenditures for the year then ended. The significant accounting policies that are most subject to estimation and judgment are allowance for doubtful accounts, deferred revenue, and accrued liabilities. Actual results could differ from these estimates.

2. Tangible capital assets

	Opening cost	Additions	Disposals & write offs	Closing cost	Opening accum. amortization	Amortization in year	Closing accum. amortization	2017 Net book value	2016 Net book value
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land (inc cemetery)	617,000	-	-	617,000	-	-	-	617,000	617,000
Land improvements	846,103	(19,725)	-	826,378	604,467	21,043	625,510	200,868	241,636
Municipal buildings	512,158	7,774	-	519,932	234,932	16,394	251,326	268,606	277,226
Buildings-plants	1,011,137	-	-	1,011,137	873,699	40,445	914,144	96,993	137,438
Electronic data equipment	21,611	-	-	21,611	20,776	417	21,193	418	835
Small equipment	145,370	187,192	-	332,562	129,398	19,275	148,673	183,889	15,972
Machinery and equipment	1,472,453	-	-	1,472,453	925,545	97,416	1,022,961	449,492	546,909
Vehicles	241,792	-	-	241,792	163,812	15,298	179,110	62,682	77,980
Wharves	170,475	21,787	-	192,262	125,912	7,690	133,602	58,660	44,563
Bridges	58,206	708,902	-	767,108	1,164	15,342	16,506	750,602	57,042
Streets, roads and curbs	2,930,398	51,568	-	2,981,966	1,302,450	106,561	1,409,011	1,572,955	1,627,948
Sidewalks	374,914	-	-	374,914	224,033	10,751	234,784	140,130	150,881
Sewer lines	3,220,087	-	-	3,220,087	1,241,648	64,391	1,306,039	1,914,048	1,978,439
Other	46,337	-	-	46,337	16,286	3,809	20,095	26,242	30,050
Work in progress	2,790	53,120	-	55,910	-	-	-	55,910	2,790
Subtotal Town (Inc Cemetery)	11,670,831	1,010,618	-	12,681,449	5,864,122	418,832	6,282,954	6,398,495	5,806,709
Water system	4,782,382	49,051	-	4,831,433	848,909	133,872	982,781	3,848,652	3,933,473
Electric system	1,287,371	31,620	-	1,318,991	435,773	32,690	468,463	850,528	851,598
Tangible capital assets in AREA	2,323,469	1,522,789	-	3,846,258	43,301	116,173	159,474	3,686,784	2,280,168
	20,064,053	2,614,078	-	22,678,131	7,192,105	701,567	7,893,672	14,784,459	12,871,948

Town of Mahone Bay

Notes to the consolidated financial statements

March 31, 2017

3. Debt

	2017	2016
	\$	\$
Water Utility		
4.285% to 5.08% Nova Scotia Municipal Finance Corporation loans, monthly principal payments of \$1,542, maturing 2021, secured by tangible capital assets with a net book value of \$813,258	185,000	203,500
0% to 5.48% Nova Scotia Municipal Financial Corporation loan, monthly principal payments of \$2,625, maturing 2023, secured by tangible capital assets with a net book value of \$1,326,925	318,000	344,500
Financing through Bank of Montreal, prime less 0.75%, no set terms of repayment, secured by tangible capital assets with a net book value of \$104,346	15,000	189,000
	518,000	737,000

	2017	2016
	\$	\$
General		
Nova Scotia Municipal Finance Corporation loans, repaid during year	-	7,500
3.10% to 5.48% Nova Scotia Municipal Finance Corporation loan, monthly principal payments of \$742, maturing 2023, secured by tangible capital assets with a net book value of \$55,720	17,800	26,700
Financing through Bank of Montreal, prime less 0.75%, no set terms of repayment, secured by tangible capital assets with a net book value of \$1,627,339	706,700	211,000
	724,500	245,200

	2017	2016
	\$	\$
AREA		
1.15% to 3.475% Nova Scotia Municipal Finance Corporation debenture, monthly principle payments of \$91,793 to 124,175, maturing 2031, secured by tangible capital assets with a net book value of \$2,323,469 (amounts represent the Town's 10% share in AREA)	2,400,000	-
	3,642,500	982,200

Town of Mahone Bay

Notes to the consolidated financial statements

March 31, 2017

3. Debt (continued)

Principal repayments required over the next five years are as follows:

	General	Water	AREA	Total
	\$	\$	\$	\$
2018	715,600	65,000	91,793	872,393
2019	8,900	50,000	92,848	151,748
2020	-	50,000	94,185	144,185
2021	-	161,000	95,690	256,690
2022	-	31,500	97,423	128,923
Thereafter	-	160,500	1,928,061	2,088,561
	724,500	518,000	2,400,000	3,642,500

4. Employee benefits and other obligations

The Town provides certain employee benefits that require funding in future periods. Under the personnel policies of the Town, unused sick leave can accumulate and employees can use the credits at a future date, however, employees do not receive entitlement to a cash payment of sick leave credits when they leave the Town's employment. The Town is also liable for vacation days earned by its employees as at March 31, but not taken until a later date. An estimate of this liability has been recorded in the consolidated statement of financial position resulting in an accrual of \$31,974 (2016 - \$32,886).

5. Accumulated surplus

				2017	2016
	Current Funds	Reserve Funds	Capital Funds	Total	Total
	\$	\$	\$	\$	\$
General	3,300,122	938,380	5,673,490	9,911,992	9,872,672
Water	43,652	119,715	878,196	1,041,563	810,995
Electric	347,330	111,746	819,598	1,278,674	1,251,521
Cemetery	113,171	-	505	113,676	104,225
AREA	148,496	100,000	(159,474)	89,022	22,198
MJSB	205,112	-	-	205,112	191,951
	4,157,883	1,269,841	7,212,315	12,640,039	12,253,562

Town of Mahone Bay

Notes to the consolidated financial statements

March 31, 2017

6. Landfill site closure costs

Centralized disposal site

The centralized disposal site is closed and the present value of the remaining landfill site closure monitoring costs for the next 15 years is estimated to be \$1,190,000.

The future landfill site closure costs were forecast with inflation at 2% per annum and discounted back to March 31, 2017 using a discount rate of 2%. A liability (reserve) of \$37,319 has been reported in the consolidated statement of financial position of the Town as this represents the Town's portion of the costs. This liability for landfill site closure includes costs for the assessment of the site monitoring and treatment of leachate, monitoring of ground water and surface water, monitoring and recovery of gases, maintenance of the required drainage systems and other control systems. The amount in the capital reserve for site monitoring will be adjusted at the end of each fiscal year. It is the intention of the Town; however, to pay the annual monitoring costs as an operating expense as part of the Town's annual budgets.

7. Commitments

Housing authorities

During the year, the Town paid \$25,402 (2016 - \$13,236) to the Department of Community Services to fund its share of the prior year's operating deficit. At March 31, 2017, the Town's share of the 2016 operating deficit was \$13,774 (2016 - \$25,402), which must be paid by the Town in 2017. This amount has been accrued in the financial statements as at March 31, 2017.

8. Investment in Municipal Joint Services Board ("MJSB")

As of March 31, 2013, the Towns of Bridgewater and Mahone Bay and the Municipality of Lunenburg transferred the operation of the Solid Waste site to the MJSB. The Board of the MJSB establishes tipping fees and each customer of the MJSB, including municipalities, are charged a tipping fee based on tonnage delivered to the site. The assets and liabilities of the Solid Waste site were assumed by the MJSB effective April 1, 2013.

The Town had a 3.39% interest in the net assets of the MJSB effective April 1, 2013. As of March 31, 2017 the Town has an investment of \$205,112 (2016 - \$191,951).

9. Investment in Alternative Resource Energy Authority ("AREA")

In July 2013, the Towns of Antigonish, Berwick and Mahone Bay created a joint municipal corporation' and inter-municipal agreement to explore alternative sources of Energy for municipal electric utilities. The share of ownership of AREA is as follows: Antigonish 63%; Berwick 27% and Mahone Bay 10%.

The first project of AREA is the development of a \$24 million Wind Farm at Eldershouse, Nova Scotia. AREA is licensed for seven turbines and the initial project was for four. This project was completed during November 2015 and will be financed through borrowing from the Municipal Finance Corporation which has been approved by the Minister of Municipal Affairs.

Temporary borrowing for AREA has been provided by the Royal Bank of Canada until such time as Service Nova Scotia and Municipal Affairs approves the temporary borrowing resolutions for the project. As of March 31, 2017, AREA owes the Royal Bank of Canada a total of \$15,500,000 (2016 - \$24,000,000) at an interest rate of Royal Bank Prime (2.70%) minus 1.00%; the Town has a 10% share in this financing.

Town of Mahone Bay

Notes to the consolidated financial statements

March 31, 2017

10. Related party transactions

Expenses include \$120,751 (2016 - \$84,146) for amounts charged by government business partnerships.

These intercompany transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

11. Net Changes in non-cash items

	2017	2016
	\$	\$
Taxes and rates receivable	(48,961)	129,905
Due from other local governments	5,459	(26,902)
Accounts receivable	(144,042)	(108,665)
Payables and accruals	(82,171)	212,741
Temporary borrowing (Note 9)	(850,000)	1,740,000
Due to other local governments	(7,226)	(6,840)
Deferred revenue	(8,208)	(57,212)
Prepaid expenses	26,266	11,620
Inventory	(25,792)	37,855
	(1,134,675)	1,932,502

12. Remuneration of council and administrators

The following schedule sets out the gross earnings paid to each member of Council, including the administrators and the directors of departments as reflected in the statement of operations.

	Remuneration	Expenses	Total
	\$	\$	\$
Mayor and Councillors			
Dave Devenee, Mayor	11,308	872	12,180
Karl Nauss, Deputy Mayor	8,385	832	9,217
John Bain, Councillor	8,000	44	8,044
Penny Carver, Councillor	8,000	171	8,171
Simone Chia-Kangata, Councillor	3,077	-	3,077
Joseph M Feeney, Councillor	3,077	-	3,077
Richard Nowe, Councillor	3,077	172	3,249
C Joe Fenney, Past Mayor	9,230	593	9,823
Lynn Hennigar, Past Councillor	4,923	-	4,923
Kelly Wilson, Past Councilor	4,923	-	4,923
	64,000	2,684	66,684
Administrators			
Jim Wentzell, CAO	103,347	1,708	105,055
Derrick MacKenzie, Director of Operations	66,309	1,933	68,242
	169,656	3,641	173,297

Town of Mahone Bay

Notes to the consolidated financial statements

March 31, 2017

13. Financial instruments

The Town is exposed to credit risk, interest rate and liquidity risk through its financial instruments. The following analysis describes the Town's risk exposure as at March 31, 2017.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with the Town. The Town is exposed to credit risk on the accounts receivable from its customers primarily related to Property Taxes and Utilities balances owed. To mitigate this risk, the Town has developed the policies of commencing a tax sale process for Property Taxes in arrears over two years, and issuing disconnect notice to past due Utility accounts. The Town does not have a significant exposure to any individual customer or counterpart.

Interest rate risk

Interest rate risk is the risk that the market value of the Town's financial instruments will fluctuate due to changes in the market interest rates. The Town is exposed to interest rate risk on its demand bank loans and temporary borrowings; changes in the bank's prime lending rates can cause fluctuation in interest payments and cash flows. The Town does not use derivative financial instruments to alter the effects of this risk.

Liquidity risk

Liquidity risk is the risk that the Town will encounter difficulty in meeting its obligations associated with its financial liabilities as they become due. The Town is exposed to liquidity risk arising primarily from its debt. Liquidity requirements are primarily managed through income generated from operations and government grants. The Town also maintains cash on hand for liquidity purposes, and to pay accounts payable and accrued liabilities

14. Subsequent events

Subsequent to year end, in May 2017 a loan for the AREA Investment's Phase 2 project from the Municipal Finance Corporation has replaced the temporary borrowing totaling \$15,500,000 with the Town of Mahone Bay guaranteeing 10% or \$1,550,000 of this loan. AREA has started construction on three additional wind turbines (Phase 3) in Ellershouse with an estimated cost of \$14,500,000. The town has guaranteed 10% or \$1,450,000 of this loan. The Minister of Municipal Affairs has approved this borrowing by the authority and the guarantees by the municipal unit.

Town of Mahone Bay

Schedule 1

Schedule of current fund - general operations
year ended March 31, 2017

	Budget (Unaudited)	2017	2016
	\$	\$	\$
Revenues	2,493,415	2,510,630	2,432,184
Expenses	2,222,915	2,133,733	2,099,558
Annual surplus	270,500	376,897	332,626
Financing and transfers			
Transfer from other funds	968,886	610,542	593,077
Change in fund balance	1,239,386	987,439	925,703
Opening fund balance	2,312,683	2,312,683	1,386,980
Closing fund balance	3,552,069	3,300,122	2,312,683

Town of Mahone Bay

Schedule 2

Schedule of current fund - water operations
year ended March 31, 2017

	Budget (Unaudite	2017	2016
	\$	\$	\$
Revenues	582,370	585,867	533,236
Amortization	132,000	133,872	107,159
Expenses	419,848	359,201	385,647
	551,848	493,073	492,806
Annual surplus	30,522	92,794	40,430
Financing and transfers			
Net transfer from other funds	113,290	62,148	15,322
Change in fund balance	143,812	154,942	55,752
Opening fund balance	(112,290)	(111,290)	(167,042)
Closing fund balance	31,522	43,652	(111,290)

Town of Mahone Bay

Schedule 3

Schedule of current fund - electric operations year ended March 31, 2017

	Budget (Unaudited)	2017	2016
	\$	\$	\$
Revenues	1,862,750	1,874,359	1,842,270
Amortization	37,000	32,691	32,091
Expenses	1,825,750	1,815,221	1,790,135
	1,862,750	1,847,912	1,822,226
Annual surplus	-	26,447	20,044
Financing and transfers			
Transfer to other funds	-	-	(30,512)
Change in fund balance	-	26,447	(10,468)
Opening fund balance	320,883	320,883	331,351
Closing fund balance	320,883	347,330	320,883

The accompanying notes to the financial statements are an integral part of this financial statement.

Town of Mahone Bay

Schedule 4

Schedule of current fund - cemetery operations
year ended March 31, 2017

	Budget (Unaudited)	2017	2016
	\$	\$	\$
Park Cemetery			
Revenues	5,600	5,955	6,099
Expenses	8,900	6,402	9,665
Annual surplus (deficit)	(3,300)	(447)	(3,566)
Net transfers from other funds	4,000	5,090	4,790
Change in fund balance	700	4,643	1,224
Opening fund balance	81,950	81,950	80,726
Closing fund balance	82,650	86,593	81,950
		2017	2016
		\$	\$
Bayside Cemetery			
Revenues	2,630	2,875	2,840
Expenses	6,900	3,067	5,547
Annual deficit	(4,270)	(192)	(2,707)
Net transfers from other funds	5,000	5,000	5,500
Change in fund balance	730	4,808	2,793
Opening fund balance	21,770	21,770	18,977
Closing fund balance	22,500	26,578	21,770

The accompanying notes to the financial statements are an integral part of this financial statement.

Town of Mahone Bay

Schedule 5

Schedule of capital funds - municipal operations (including utilities) year ended March 31, 2017

	Budget (Unaudited)	2017	2016
	\$	\$	\$
Revenues			
Capital grants and contributed tangible capital assets	169,012	217,612	225,299
Interest	1,300	1,282	1,617
	170,312	218,894	226,916
Amortization	500,000	418,832	403,262
Expenses	-	-	62,131
	500,000	418,832	465,393
Annual deficit	(329,688)	(199,938)	(238,477)
Financing and transfers			
Net transfers to current funds	(558,300)	(459,068)	(364,405)
Change in fund balance	(887,988)	(659,006)	(602,882)
Opening fund balance	7,665,678	8,030,794	8,633,676
Closing fund balance	6,777,690	7,371,788	8,030,794

Town of Mahone Bay

Schedule 6

Schedule of reserve fund
year ended March 31, 2017

	Budget (Unaudited)	2017	2016
	\$	\$	\$
Revenues			
Interest	10,000	9,404	11,667
Annual surplus	10,000	9,404	11,667
Net transfers to other funds	(508,302)	(222,212)	(223,772)
Change in fund balance	(498,302)	(212,808)	(212,105)
Opening fund balance	1,379,241	1,379,241	1,591,346
Closing fund balance	880,939	1,166,433	1,379,241

Town of Mahone Bay

Schedule 7

Schedule of trust reserve fund
year ended March 31, 2017

	Budget (Unaudited)	2017	2016
	\$	\$	\$
Revenues	25	27	151
Expenses	-	-	16,517
Annual surplus (deficit)	25	27	(16,366)
Net transfers from other funds	-	-	-
Change in fund balance	25	27	(16,366)
Opening fund balance	3,381	3,381	19,747
Closing fund balance	3,406	3,408	3,381